

In The Cattle Markets

Tim Petry, Livestock Economist
North Dakota State University Extension Service

Improved Grazing Conditions Limit Lightweight Placements

USDA-NASS released the monthly *Cattle on Feed* Report on June 19. Cattle and calves on feed for slaughter market in the U.S. for feedlots with capacity of 1,000 or more head totaled 10.6 million head on June 1, 2015. That number was 0.6% higher than last year, and just under the average 0.9% increase that a pre-report survey of market analysts expected.

A question that has surfaced the last couple of years is how can cattle on feed numbers be above previous years when the cow herd was declining with smaller calf crops being produced. Now that beef herd rebuilding has started the same question relates to the increased heifers that are being retained for breeding purposes and not entering feedlots.

Several contributing factors have enabled feedlots to maintain cattle on feed inventories. Record high feeder cattle prices and the increasing \$US value have caused increasing imports from Mexico and Canada. Demand for dairy steer calves by the beef feedlot industry has increased, and resulted in declining calf slaughter throughout 2014. That trend is continuing in 2015. Furthermore, lower feed costs and the record high feeder cattle prices have caused cattle to be kept in feedlots longer and fed to record high weights. A result is more stability in inventories but decreased marketings from feedlots.

That was evident in the report, where marketings of fed cattle during May totaled 1.711 million head, 8.3% below 2014. May marketings were the lowest since NASS started the series in 1996. Marketings were very close to the pre-report survey of analysts.

Placements into feedlots during May totaled 1.714 million head, 10.2% below 2014. Improved moisture conditions in much of the U.S., with the far western states certainly the exception, contributed to the decline in placements in a couple of ways. First, producers that were forced to liquidate cows due to drought are now keeping more heifers for replacement purposes. Second, the improved grazing conditions allow the lighter-weight feeder cattle to stay on pasture and not be marketed. For example 355,000 head in the under 600 lb category were placed on feed compared to 435,000 last year, an 18.4% decline. Placements weighing 600-699 lbs were down 10.3%, with 700-799 lbs down 17.9%, while the over 800 lb category was the same as last year.

Each Monday afternoon from May through October, USDA-NASS releases pasture and range conditions by state in its weekly *Crop Progress* report. A percentage rating in categories of very poor, poor, fair, good, and excellent is reported. The latest report for the week ending June 21 showed 65% of pastures and ranges in the U.S. where rated good to excellent. That compares to 55% last year. In North Dakota, where I am, 79% were rated good and excellent. Oklahoma, which has been suffering with dry conditions for several years, has received

beneficial moisture this year and now has a 68% rating of good and excellent. Contrast that to drought stricken California with only 35% of pastures and ranges reported good and excellent.

The Markets

Fed cattle prices continued to decline seasonally last week while boxed beef prices rebounded on pre-Fourth of July buying. Across the 5-area market, liveweight fed steer prices averaged \$150.24 per hundredweight, down \$3.24 for the week. Dressed weight prices decreased \$3.35 to average \$240.14. Choice boxed beef increased \$3.49 for an average \$249.87. Calf and feeder cattle prices were about steady to instances of \$5 higher at markets where volumes were sufficient to establish trends. Corn prices in Omaha on Thursday were up 2 cents a bushel at \$3.60.

		Week of	Week of	Week of
		6/19/15	6/12/15	6/20/14
<i>Data Source: USDA-AMS Market News</i>				
5-Area Fed Steer	all grades, live weight, \$/cwt	\$150.24	\$153.48	\$149.10
	all grades, dressed weight, \$/cwt	\$240.14	\$243.49	\$236.91
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$249.87	\$246.38	\$238.39
	Choice-Select Spread, \$/cwt	\$6.20	\$6.60	\$7.61
700-800 lb. Feeder Steer	Montana 3-market average, \$/cwt	\$245.00	\$235.50	--
	Nebraska 7-market average, \$/cwt	\$249.76	\$234.88	\$215.77
	Oklahoma 8-market average, \$/cwt	\$230.97	\$232.91	\$208.24
500-600 lb. Feeder Steer	Montana 3-market average, \$/cwt	\$270.00	--	--
	Nebraska 7-market average, \$/cwt	\$300.91	\$301.75	\$251.59
	Oklahoma 8-market average, \$/cwt	\$273.48	\$274.72	\$245.19
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.60	\$3.58	\$4.50
	DDGS Price, Nebraska, \$/ton	\$131.90	\$143.30	\$145.30